

News and Information

From the Tennessee Division of Consumer Affairs

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Don't Spring a Business Opportunity Trap this Season

The alarm clock goes off, so you slap the snooze button, not yet willing to get out of bed. Sunshine slides through your window, and you can hear birds singing peacefully outside. You can almost feel a gentle breeze bending flowers newly bloomed. How could you be expected to go to work on a day like today? If only you were your own boss! You could work a few hours in the morning and spend your sunny April afternoons outside! It's a wonderful dream, and it could come true for you someday. If you buy into a business opportunity scam, however, you will find yourself in a nightmare.

An ad promising thousands of dollars for a few hours work grabs your attention, but you have to wonder why anyone would cut you in on such a sweet deal. If you can make \$2,000 working eight hours a week, what red-blooded American wouldn't work twenty hours a week and make \$5,000? That would leave plenty of time for the park, and you wouldn't have to worry about people reading your ad and stealing your business.

Chances are, the person placing the ad works more than eight hours a week, and his job is to convince others to give him money he hasn't earned. Some common scams, such as envelope stuffing, are based on getting you involved in the same line of work. Legitimate companies use machines to stuff envelopes for mass mailings. What these scam artists are selling is a letter instructing you to place an ad like the one you read, and then to rip off others the way you've been ripped off.

Medical billing scams promise to provide training and equipment to process insurance claims for doctors and dentists. They "guarantee" a list of medical professionals ready and waiting to pay you for this service. Unfortunately, the lists are often bogus, and most legitimate medical practices have already contracted with larger companies to provide billing services. To develop your business, you will have to recruit your own clients and compete with established billing companies.

Before you invest in a business opportunity, do your homework. Contact the Tennessee Division of Consumer Affairs to find out if complaints have been filed against the company. Get all earnings claims in writing, and contact several people who have already invested. You should also consult with a private attorney before investing funds or contracting to purchase items from the company offering the business opportunity.

If you have questions or concerns regarding business opportunity scams or any other consumer issues, contact the Tennessee Division of Consumer Affairs at 1-800-342-8385 or visit www.state.tn.us/consumer.

